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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1941

No. 680

U. S. INDUSTRIAL CHEMICALS, INC.,
*Petitioner,*

*vs.*

CARBIDE AND CARBON CHEMICALS CORPORATION,
*Respondent.*

**PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE FOURTH CIRCUIT AND BRIEF IN SUPPORT THEREOF**

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*Respondent.*

## PETITION FOR WRIT OF CERTIORARI

*To the Honorable, the Chief Justice and the Associate Justices of the Supreme Court of the United States:*

Your petitioner, U. S. Industrial Chemicals, Inc., prays that a writ of certiorari issue to review the decree of the United States Circuit Court of Appeals for the Fourth Circuit entered herein on June 27, 1941 (R. 187).* Rehearing and reconsideration by that Court were requested and were denied September 2, 1941 (R. 188).

A certified transcript of the record in the case, including the proceedings in the Circuit Court of Appeals, is furnished herewith in compliance with Rule 38 of this Court.

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* All citations to the record in the petition and brief refer to the volume of the record entitled "Appendix to Plaintiff-Appellee's Brief".

## Summary Statement of the Matter Involved

This is a suit in equity brought by respondent against petitioner in the United States District Court for the District of Maryland for alleged infringement of claims 8 and 9 of Reissue patent No. 20,370, granted May 18, 1937, on an application for reissue filed September 25, 1936. The reissue patent is founded upon original patent No. 1,998,878, for a "Process for the Production of Ethylene Oxide," granted April 23, 1935, on an application filed March 22, 1932.* The District Court held claims 8 and 9 of the reissue patent valid and infringed and entered the usual interlocutory decree. On appeal to the Circuit Court of Appeals for the Fourth Circuit, the decree was affirmed.

The invention described and claimed in the original patent is a process for the production of ethylene oxide which consists in subjecting ethylene to the action of *oxygen* (which can be the oxygen of air) *and water* (either in the liquid state or as steam) in the presence of certain named catalysts placed in a reaction tube or chamber in which the temperature is maintained within a specified range. *The process described and claimed is one in which the introduction of water into the reaction chamber is mandatory, the introduction of water being described, not as an optional procedure, but as an essential step in the process, always to be taken.*

The present suit is based upon claims 8 and 9 of the reissue patent. These are entirely new claims added by the reissue to the seven claims of the original patent. The original seven claims are retained, in substantially the same

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* Copies of the original and reissue patents may be found at pages 283 and 277 of the "Supplement to Defendant-Appellant's Brief."

form, as claims 1 to 7 inclusive of the reissue. They are not charged to be infringed by petitioner's process.

Claims 8 and 9 are of broader scope than the claims of the original patent in that they cover not only a process in which water is voluntarily introduced into the reaction chamber, but also *a process in which the voluntary introduction of water into the reaction chamber is omitted.* This is the interpretation placed upon claims 8 and 9 of the reissue by respondent and accepted by the trial judge and by the Court of Appeals. It is the interpretation they must bear to sustain the charge of infringement.*

Petitioner is engaged in the commercial production of ethylene glycol in its manufacturing plant at Baltimore, Maryland. As one of the steps in such manufacture, ethylene oxide is produced by a process which includes passing a mixture of ethylene and atmospheric air through a reaction chamber containing a catalyst and maintained at a suitable high temperature. *The process employed by petitioner does not include the voluntary introduction of water into the reaction chamber.* Thus petitioner's accused process is not the process described and claimed in the original patent. It is not the process covered by claims 1 to 7 of the reissue patent. It is covered by the broader claims 8 and 9 of the reissue patent and infringes those claims if they are valid.

Petitioner challenged the validity of claims 8 and 9 of the reissue patent upon several grounds including the defense that those two claims are not "for the same invention" as the original patent within the meaning of the

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* The Court below uses the expression "voluntary introduction of water" to distinguish the step of introducing water to the chamber from an outside source from the mere formation of water as a by-product during the course of the reaction in the reaction chamber.

Reissue Statute, R. S. 4916.* Petitioner also maintained that respondent is estopped from asserting claims 8 and 9 of the reissue against petitioner, even if those claims are valid, because of intervening rights acquired by petitioner with respect to the accused process prior to the issuance of the reissue patent.

In its decision sustaining the validity of claims 8 and 9 of the reissue, the Court of Appeals stated that it regarded the issue whether those claims are for "the same invention" within the meaning of the reissue statute as "the vital question involved" (R. 183). It found that "there is a difference" between the process described and claimed in the original patent and the process embraced by claims 8 and 9 of the reissue. It found that "difference" to be that whereas the original patent describes and claims a process in which the voluntary introduction of water into the reaction chamber is regarded as an essential step always to be taken, the reissue patent describes, and claims 8 and 9 thereof cover, a process in which, as in petitioner's accused process, the desired result is obtained without the voluntary introduction of water into the reaction chamber. Notwithstanding such findings, the Court held that the claims in question are for "the same invention" within the meaning of the reissue statute and upheld their validity.

In rejecting the defense of intervening rights, the Court of Appeals rested its conclusion upon the view that the doctrine of intervening rights is inapplicable in the instant case because a relatively larger proportion of the activities and expenditures of petitioner in connection with ethylene oxide, including all commercial use of its process, occurred after instead of before the grant of the reissue patent.

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* The full text of Section 4916 R. S. will be found as an Appendix, page 31.

## Questions Presented

The questions presented by the case are the following:

(1) Can a patent for a process which includes a step asserted to be mandatory and described and claimed in the original patent as an essential feature of the invention be reissued to include a process which achieves the same result while dispensing with the step in question?

(2) Does one who in good faith and at great expense completely developed a process which does not infringe an original patent but does infringe the broadened claims of a reissue granted after the development work is complete but before the new process is put into commercial use, acquire intervening rights barring injunctive relief against continued use of the process?

## Reasons for Granting the Writ

(1) There is a direct conflict between the interpretation placed upon the statutory requirement that a reissue patent must be "for the same invention" (R. S. 4916, U. S. Code, Title 35, Sec. 64) by the Circuit Court of Appeals in sustaining the validity of claims 8 and 9 of the reissue patent, and the interpretation placed upon that requirement by this Court.

*Gill* v. *Wells*, 22 Wall. 1;
*Russell* v. *Dodge*, 93 U. S. 460;
*Manufacturing Co.* v. *Ladd*, 102 U. S. 408;
*James* v. *Campbell*, 104 U. S. 356, 375;
*Johnson* v. *Railroad Co.*, 105 U. S. 539;
*McMurray* v. *Mallory*, 111 U. S. 97;
*Parker & Whipple Co.* v. *Yale Clock Co.*, 123 U. S. 87;

*Hoskin* v. *Fisher*, 125 U. S. 217, 222;
*Cornell* v. *Weidner*, 127 U. S. 261, 264;
*Flower* v. *Detroit*, 127 U. S. 563;
*Huber* v. *Nelson Mfg. Co.*, 148 U. S. 270;
*Corbin Cabinet Lock Co.* v. *Eagle Lock Co.*, 150 U. S. 38;
*Olin* v. *Timken*, 155 U. S. 141, 147.

(2) There is a direct conflict between the interpretation placed upon the statutory requirement that a reissue must be "for the same invention" by the Circuit Court of Appeals for the Fourth Circuit in sustaining the validity of claims 8 and 9 of the reissue patent, and the interpretation placed upon that requirement by the Courts of Appeals for the Second, Third, Seventh and Eighth Circuits and by the Court of Customs and Patent Appeals.

*Featherstone* v. *George R. Bidwell Cycle Co.*, 57 Fed. 631 (C. C. A., 2d);
*Toupet-Taylor Engineering Co.* v. *Red Dog Mfg. & Supply Co.*, 16 F. (2d) 454 (C. C. A., 3d);
*Chicago Ry. & Equipment Co.* v. *Perry Side Bearing Co.*, 170 Fed. 968 and 178 Fed. 449 (C. C. A., 7th);
*McDowell* v. *Ideal Concrete Mach. Co.*, 187 Fed. 814 (C. C. A., 7th);
*Penn Electric Switch Co.* v. *Luthe Hardware Co.*, 63 F. (2d) 842 (C. C. A., 8th);
*Morgan* v. *Drake*, 36 F. (2d) 511 (C. C. P. A.);
*In re Cogswell*, 48 F. (2d) 402 (C. C. P. A.);
*In re Williams*, 75 F. (2d) 520 (C. C. P. A.);
*Kollsman* v. *Carbonara*, 88 F. (2d) 966 (C. C. P. A.);
*In re French*, 89 F. (2d) 662 (C. C. P. A.);
*In re Overbury*, 95 F. (2d) 331 (C. C. P. A.).

(3) In denying petitioner's claim of intervening rights, the Court of Appeals has rendered a decision in direct conflict with the decision of the Court of Appeals for the Second Circuit on the same matter in *Otis Elevator Co.* v. *Atlantic Elevator Co.*, 47 F. (2d) 545. The question of intervening rights involved in this conflict of decision is an important question of patent law, heretofore recognized as such by this Court, which has not been but should be determined by the Court.

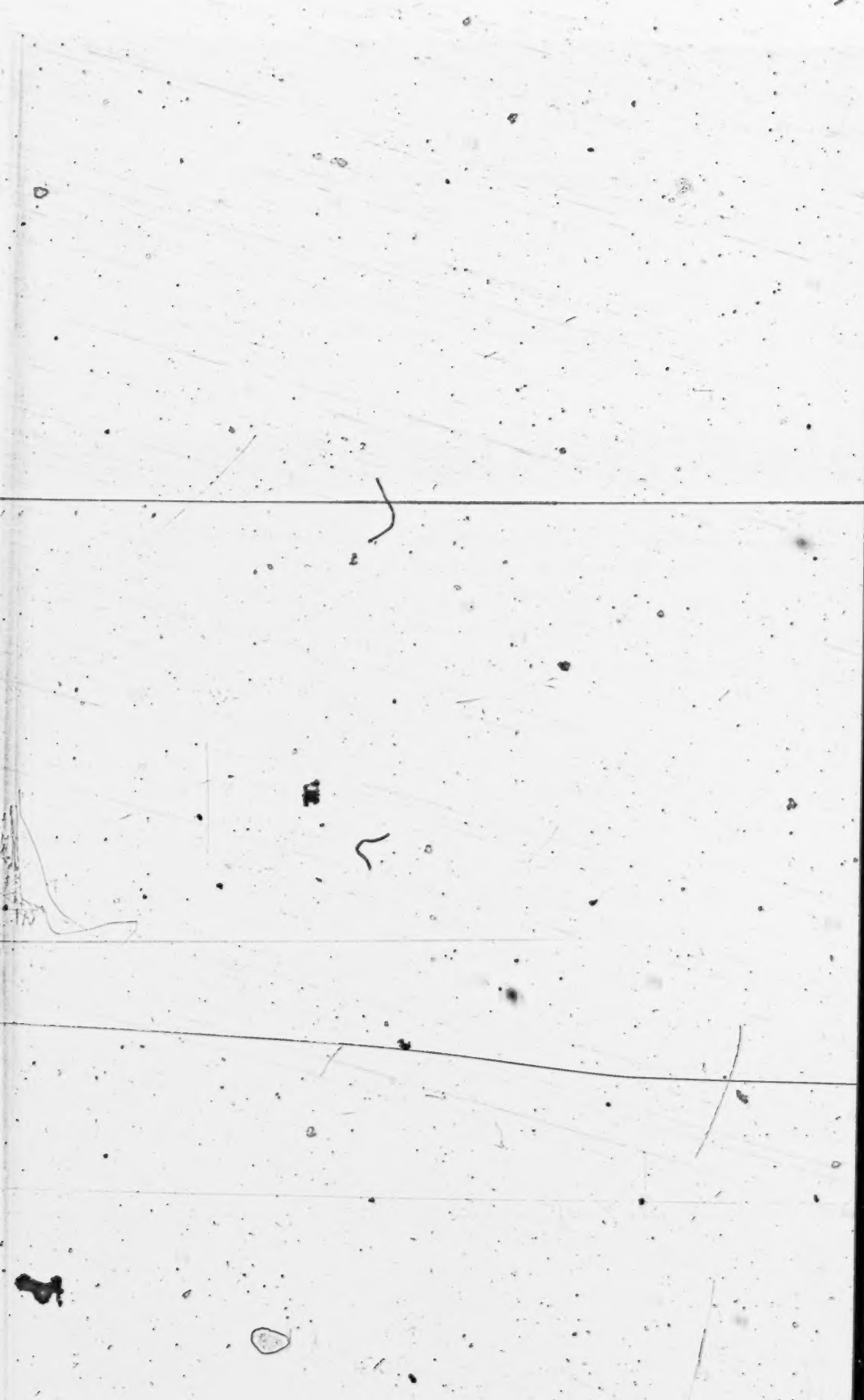
(4) Claims 8 and 9 of the reissue patent cover a process of unquestioned commercial value; the validity of these claims is at least doubtful; and further litigation presenting the possibility of a conflict of decision is improbable (a) because petitioner is the only concern, except respondent, which has used the process up to the present time, and (b) because the investment required to construct and equip a plant capable of practicing the process profitably is so great that no prudent person or company would undertake to risk such an investment knowing that it would involve infringement of a patent which had been sustained by a Court of Appeals.

WHEREFORE it is respectfully submitted that this petition for a writ of certiorari to the Circuit Court of Appeals for the Fourth Circuit should be granted.

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Dated: New York, N. Y., October 3, 1941.



# BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

## Opinions of the Courts Below

The opinion of the United States District Court for the District of Maryland is reported in 34 F. Supp. 813.* The opinion of the Circuit Court of Appeals for the Fourth Circuit appears at page 173 of the record and is reported in 121 F. (2d) 665.

## Jurisdiction

The jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by the Act of February 13, 1925, c. 229 (28 U. S. Code, Sec. 347). The decree of the Circuit Court of Appeals for the Fourth Circuit, which petitioner seeks to have reviewed was entered June 27, 1941 (R. 187).

## Statement of the Case

The essential facts of the case are stated in the accompanying petition for a writ of certiorari.

## Specification of Errors

The errors which petitioner will urge if the writ of certiorari is issued, are that the Circuit Court of Appeals for the Fourth Circuit erred:

* See also "Supplement to Defendant-Appellant's Brief" page 3.

1. In holding that claims 8 and 9 of the reissue patent in suit are for the same invention as the original patent.

2. In holding that injunctive relief against continued use of the process was not barred by petitioner's intervening rights.

## Summary of Argument

The points of argument will follow the reasons relied upon for allowance of the writ of certiorari.

## ARGUMENT

### I.

**There is a direct conflict between the interpretation placed upon the statutory requirement that a reissue must be "for the same invention" by the Circuit Court of Appeals in sustaining the validity of claims 8 and 9 of the reissue patent, and the interpretation placed upon that requirement by this Court and by the Courts of Appeals for the Second, Third, Seventh and Eighth Circuits.**

The reissue statute, by its terms, limits the authority of the Commissioner of Patents to the reissuing of a patent *"for the same invention"* as that patented by the original patent. The statute emphasizes this requirement by providing that "no new matter shall be introduced into the specification" of the reissue. The authority granted by the statute being thus limited, a reissue patent is invalid where it appears that the reissue is not *"for the same invention."* *Seymour* v. *Osborne,* 11 Wall. 516, 544-6;

*Powder Co.* v. *Powder Works*, 98 U. S. 126; *Mahn* v. *Harwood*, 112 U. S. 354, 359.

The requirement that a reissue patent must be "for the same invention" has been in all the reissue statutes,* and the phrase, as it has appeared in the various statutes, has been before this Court for interpretation in numerous cases.

This Court has determined that the requirement that a reissue patent must be "for the same invention" does not mean that the subject matter *claimed* in the reissue must be identical with that *claimed* in the original patent; a reissue may properly contain a narrower claim than the original (*Miller* v. *Brass Co.*, 104 U. S. 350, 353), or a broader claim (*Topliff* v. *Topliff*, 145 U. S. 156). On the other hand, it has been determined by this Court that a reissue is not "for the same invention" merely because the additional matter covered by the reissue was within the knowledge of the patentee at the date of application for his original patent (*Powder Co.* v. *Powder Works*, 98 U. S. 126, 138; *Manufacturing Co.* v. *Ladd*, 102 U. S. 408, 413; *Huber* v. *Nelson Mfg. Co.*, 148 U. S. 270), or merely because the additional matter covered by the reissue was an invention which might have been claimed in the original patent because it was suggested or indicated in the specification (*Parker & Whipple Co.* v. *Yale Clock Co.*, 123 U. S. 87, 99; *Flower* v. *Detroit*, 127 U. S. 563, 571).

The whole subject of the interpretation of the phrase "for the same invention" was reviewed and settled by this Court in *Parker & Whipple Co.* v. *Yale Clock Co.*, 123 U. S.

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* See *Parker & Whipple Co.* v. *Yale Clock Co.*, 123 U. S. 87, 96-7.

And this conclusion was fortified and reiterated as follows (R. 176):

> "Some study of chemical history and literature, as these existed at the time of Lefort's labors, convinces us even more strongly of the truth of the conclusion that the voluntary introduction of water was a mandatory provision of the original Lefort patent."

By contrast, the Court defined the process which the claims of the reissue patent are intended to cover, as follows (R. 176):

> "It seems quite clear, on the other hand, that the reissue patent does *not* contemplate the voluntary introduction of water into the reaction-chamber as a necessary step in the procedure." (Emphasis by the Court.)

In summarizing the findings resulting from this comparison of the two patents, the Court said (R. 177):

> "We have just held that *there is a difference* here in that the original patent contemplated the voluntary introduction of water in the reaction-chamber (distinguished from the mere formation of water during the course of the reactions) as a step that would always be taken in the procedure therein set out, while Claims #8 and #9 contain no such requirement, and indeed seem to negative clearly any such step." (Emphasis and parenthesis by the Court.)

Had the lower Court applied at this point this Court's interpretation of the statutory requirement that a reissue be "for the same invention" it would have concluded that the reissue patent was invalid.

Instead, the Court of Appeals proceeded to consider whether the difference it had found to exist between the process embodied in the original patent as the invention intended to be secured by it and the process covered by claims 8 and 9 of the reissue patent was "vital, essential, substantial, material," not from the point of view of the monopoly sought by the patentee in his original patent and obtained by him in his reissue patent, but from a purely scientific point of view. The Court resolved the issue thus created in favor of the respondent and thereupon held the reissue patent valid.

The basis asserted by the lower Court for this decision was the conclusion of respondent's expert witnesses that the difference between the two processes is not significant from a scientific point of view since the same practical result can be obtained whether the method followed is that of the process disclosed in the original patent or that of the process disclosed and claimed in the reissued patent.* Relying on this evidence, the lower Court concluded that the two patents are for the same invention and sustained the reissue. In thus grounding its decision upon an evaluation of the difference between the process of the original patent and the process of the reissued patent in its purely technological aspect, the lower Court departed from the rule of this Court that the intention of the patentee as it appears from the original patent is controlling.

The failure to accept this Court's interpretation of the statute led the lower Court into direct conflict with a

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* The experts' testimony was characterized as being "from the technical viewpoint of chemistry," "from a scientific standpoint", or "speaking entirely as a chemist." (See Court of Appeals' opinion, R. 180-1.)

group of decisions by this Court applying the principle of *Parker & Whipple* v. *Yale Clock Co.* to situations of identically the same nature as that presented here in which a patentee has attempted by reissue to make permissive a step described as mandatory in his original patent. Without exception these cases hold that the statutory requirement that a reissue must be "for the same invention" does not permit any step of a process, or any element of a device, made essential in an original patent to be made non-essential in a reissue.

In the case of *Russell* v. *Dodge*, 93 U. S. 460, the original patent was for a process of treating bark-tanned skins by means of a compound in which *heated* fat liquor was explicitly made an essential ingredient. In the reissue, the specification was changed by eliminating the requirement that the fat liquor be in a heated condition. The Court held the reissue invalid, saying (p. 464):

> "The change made in the old specification, by eliminating the necessity of using the fat liquor in a heated condition, and making in the new specification its use in that condition a mere matter of convenience, and the insertion of an independent claim for the use of fat liquor in the treatment of leather generally, operated to enlarge the character and scope of the invention. The evident object of the patentee in seeking a reissue was not to correct any defects in specification or claim, but to change both, and thus obtain, in fact, a patent for a different invention. This result the law, as we have seen, does not permit.
>
> * * * To determine the identity of the invention, the two patents may be compared. Thus compared, the reissue here appears on its face to be for a different invention, and the commissioner, therefore,

> exceeded his authority in issuing it. *Seymour* v. *Osborn*, 11 Wall. 544; *Wicks* v. *Stevens*, 2 Woods 312."

The same rule has been applied to patents for apparatus. In the case of *Huber* v. *Nelson Mfg. Co.*, 148 U. S. 270, the patent was for a flushing apparatus consisting of a combination of various elements including a flushing chamber. In the specification of the original patent, the flushing chamber had been made an essential element both in the description and the claims. The reissue included claims for the same combination except for the omission of the flushing chamber. The Court held the reissue patent invalid, saying (p. 291):

> "The entire text of the original specification shows nothing but the invention of a structure containing both a tank and a flushing-chamber. That chamber is referred to in the text of the original specification thirty-one times.
>
> We think that, on all the facts of this case, no one of the claims of the reissue can be construed as valid in leaving out the flushing-chamber as an element of the combination, inasmuch as every claim of the original patent contained it. *Prouty* v. *Ruggles*, 16 Pet. 336, 341; *Brookes* v. *Fiske*, 15 How. 212, 219; *Burr* v. *Duryee*, 1 Wall. 531; *Reckendorfer* v. *Faber*, 92 U. S. 347; *Fuller* v. *Yentzer*, 94 U. S. 288; *Railway Co.* v. *Sayles*, 97 U. S. 554; *Water-Meter Co.* v. *Desper*, 101 U. S. 332."

Numerous other cases in this Court present analogous situations resulting in a decision of invalidity. Examination of these cases discloses that the question of intention always governs and that the technological result of the

reissued process or apparatus, whether it be the same, better or worse, is immaterial to the decision.*

The lower Court assumed to find support for its decision in the case of *Seymour* v. *Osborne*, 11 Wall. 516 (R. 182). That case approves resort to the testimony of expert witnesses when the Court is determining, as a matter of construction by comparison of the two instruments, whether the original and reissue patents are for the same invention. Such resort is approved for explanation of technical terms or terms of art in ascertaining the true meaning of the language employed. The Circuit Court of Appeals in the instant case did resort to the testimony of expert witnesses for that purpose (R. 176), and having done so, found without any hesitation that "*there is a difference* here in that the original patent contemplated the voluntary introduction of water into the reaction-chamber (distinguished from the mere formation of water during the course of the reactions) as a step that would always be taken in the procedure therein set out, while Claims #8 and #9 contain no such requirement, and indeed seem to negative clearly any such step."

The decision of this Court in *Seymour* v. *Osborne*, created no alteration in the established rule of this Court as to the proper interpretation of the words "for the same

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* *Gill* v. *Wells*, 22 Wall. 1; *Manufacturing Co.* v. *Ladd*, 102 U. S. 408; *James* v. *Campbell*, 104 U. S. 356, 375; *Johnson* v. *Railroad Co.*, 105 U. S. 539; *McMurray* v. *Mallory*, 111 U. S. 97; *Hoskin* v. *Fisher*, 125 U. S. 217, 222; *Cornell* v. *Weidner*, 127 U. S. 261, 264; *Corbin Cabinet Lock Co.* v. *Eagle Lock Co.*, 150 U. S. 38; *Olin* v. *Timken*, 155 U. S. 141, 147.

invention" in the reissue statute.* That case does not in any way support the action of the Circuit Court of Appeals in the instant case in sustaining a reissue patent which, on the facts found by the Court, differs essentially from the original patent in respect to the scope of its asserted monopoly, merely because, in the opinion of the Circuit Court of Appeals, it has been established by expert testimony that the limitation to the voluntary addition of water is not in fact essential to obtaining the desired result.

In the final section of the opinion of the lower Court entitled "General Considerations", the Court asserts that the defenses set up by petitioner, including this defense that the reissue patent is not for the same invention as the original patent, are "terribly technical in the extreme" and "contain little or no appeal to the beneficent principles of equity and good conscience".

We submit that exactly the contrary is true. The rule so long established and so consistently observed by this Court finds its origin in a determination to protect from abuse the beneficent purposes of the reissue statute; to preserve to the patentee who has by inadvertence, accident or mistake, obtained a patent that is inoperative or insufficient to cover what he intended to claim as his invention, the right to correct his mistake by subsequent reissue, while at the same time guarding against any abuse of that privilege by which the monopoly originally contemplated is artificially enlarged to embrace subsequent developments, thereby subjecting industry to hidden liens and unknown liability to vexatious lawsuits. The reissue statute is a

* See this Court's comment on *Seymour* v. *Osborne* in *Parker & Whipple Co.* v. *Yale Clock Co.*, 123 U. S. 87 at p. 97.

remedial and permissive statute. It extends to the patentee the unusual privilege of modifying his contract with the public to correct bona fide mistakes which have caused his assertion of monopoly to fall short of what he intended to claim. The requirement of the statute that the reissue be "for the same invention" is a fundamental statutory limitation upon this privilege, intended and well adapted, as it has been interpreted by this Court, to prevent abuse of the privilege. It is this restriction that separates the good from the bad, allowing the just claims of the inventor who has failed by inadvertence, accident or mistake to secure his intended monopoly, while barring the unjust claims of a patentee who seeks to extend his monopoly to cover subsequent discoveries, improvements, or developments of others which were not within his knowledge at the date of his application or which he failed to disclose to the public by assertion in his original patent.* That statutory limitation and its interpretation have most assuredly appealed to the "equity and good conscience" of this Court over a long period of years.

The Court below, on the basis of the considerations which it has set forth in its opinion and which we have discussed, has seen fit to attempt a breach in the well-established rule; to open therethrough a passage toward what the Court believed to be equity and good conscience, on evidence that in a scientific sense the newly monopolized process of the broadened claims is not different vitally,

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*Although respondent had full opportunity in the course of the trial, it failed to produce any evidence that Lefort ever knew that the process disclosed in the original patent was operative with the water step eliminated prior to his application for reissue. Petitioner made this discovery by its own independent efforts (*infra*, p. 24).

essentially, substantially or materially from the process monopolized by the original claims, because the new process produces the same technical result as the old. We submit that through such a breach all of the evils which this Court has tried to shut out would pour. It is precisely because industry must remain free to produce by other processes the technical results of a patented process, that the rule has been adopted and enforced.

*Conflict with other Courts of Appeals*

This Court has not had occasion to pass on any case involving interpretation of the "same invention" requirement of the reissue statute since *Olin* v. *Timken*, decided in 1894 (155 U. S. 141). Since that time, the question has been considered in numerous Court of Appeals' decisions. The interpretation placed upon this requirement of the statute by the Courts of Appeals for the Second, Third, Seventh and Eighth Circuits, and also by the Court of Customs and Patent Appeals, has followed the interpretation adopted by this Court, namely, that to satisfy the requirement of the statute it must appear from a comparison of the two patents that the original patent embodied, as the invention intended or sought to be covered or secured by it, what the claims of the reissue are intended to cover.

That this interpretation has been placed upon the statute by these Courts is shown by the following representative cases:

*Featherstone* v. *George R. Bidwell Cycle Co.*, 57 Fed. 631 (C. C. A. 2nd);

*Toupet-Taylor Engineering Co.* v. *Red Dog Mfg. & Supply Co.*, 16 F. (2d) 454 (C. C. A. 3rd);

*Chicago Ry. & Equipment Co.* v. *Perry Side Bearing Co.*, 170 Fed. 968 and 178 Fed. 449 (C. C. A. 7th);
*McDowell* v. *Ideal Concrete Mach. Co.*, 187 Fed. 814 (C. C. A. 7th);
*Penn Electric Switch Co.* v. *Luthe Hardware Co.*, 63 F. (2d) 842 (C. C. A., 8th);
*Morgan* v. *Drake*, 36 F. (2d) 511 (C. C. P. A.);
*Kollsman* v. *Carbonara*, 88 F. (2d) 966 (C. C. P. A.);
*In Re Cogswell*, 48 F. (2d) 402 (C. C. P. A.);
*In Re Williams*, 75 F. (2d) 520 (C. C. P. A.);
*In Re French*, 89 F. (2d) 662 (C. C. P. A.);
*In Re Overbury*, 95 F. (2d) 331 (C. C. P. A.).

That this conflict is one of decision and not merely one of verbiage is well illustrated by the decision of the Second Circuit Court of Appeals in the *Featherstone* case cited above. That case involved a reissue patent for a bicycle tire. In the specification and claims of the original patent certain "protective strips" were regarded as an essential part of the invention. In the reissue patent the claims were freed of this limitation. In considering the technological aspect of these strips the Court said (pp. 634-35):

> "It is obvious that the protective strips which are incorporated into the claim of the original patent, but which are omitted in the fourth claim of the reissue, are not an indispensable part of operative fastening devices for securing a pneumatic tire to the rim of the wheel. It is also obvious that they can be omitted from the fastening devices of Dunlop without rendering the other devices inoperative."

In spite of this finding that the strips were not a "vital, essential, substantial, material" element of the invention

from a scientific point of view, the Court held the reissue patent invalid, saying (p. 636):

> "It has been repeatedly declared by the Supreme Court that a reissue cannot be permitted to secure any invention which was not described in the original patent; it is confined to securing one which was not only described, but which it was the intention of the patentee, manifest upon the face of the patent itself, to secure thereby. In other words, it must appear by the description in the original patent that it was the purpose of the patentee to secure the thing specified in the claim of the reissue, and a patent cannot be lawfully reissued unless there has been a clear mistake, inadvertently committed, in the wording of the claim."

This clear conflict with the above decision of the Second Circuit Court of Appeals, and with decisions of similar import in other Courts of Appeals, emphasizes and reinforces what we have already said as to the evil effects that will follow if the conflict created by the instant decision of the Fourth Circuit Court of Appeals be left unresolved.

## II.

**There is direct conflict between the decision of the Circuit Court of Appeals in the instant case denying petitioner's claim of intervening rights, and the decision of the Second Circuit Court of Appeals. This is a conflict on an important question of patent law which has not been but should be resolved by this Court.**

As we have already pointed out, petitioner's accused process is one that does not include the voluntary introduction of water into the reaction chamber, and for that

reason was not covered by the seven claims of the original patent, but only by the newly added claims 8 and 9 of the reissue patent.

Petitioner's process was independently developed as the result of research and engineering work begun early in 1936, nearly a year after the original patent had issued and several months before the application for reissue was filed. The idea of introducing water into the reaction chamber was laid aside from the start. The total of the expenditures of petitioner upon the development work from its inception to May 18, 1937, the date upon which the reissue patent was granted, was approximately $150,000. The development of petitioner's process was completed by May 8, 1937, a date earlier than the date upon which the reissue patent was granted. There followed work for the construction of a commercial plant which was not completed and put into operation until May 9, 1939.

One of the questions before the lower Court was whether petitioner had, by reason of the facts recited above, acquired such intervening rights as would render it inequitable to enforce against it the enlarged monopoly of claims 8 and 9 of the reissue. The Court held that these facts did not establish intervening rights in favor of petitioner, basing its decision upon the ground that the expenditures and labor which preceded the grant of reissue were largely for experimental purposes and stressing the fact that the $150,000 so expended was a small sum in comparison with the sums thereafter invested in building a commercial plant.

The question of intervening rights in connection with reissued patents was recognized by this Court as being an important question of patent law which had not been but

should be determined by this Court in *Keller* v. *Adams-Campbell Co.*, 264 U. S. 314, but no decision on the issue of intervening rights was rendered in that case. Quite recently the issue of intervening rights came before this Court again in *Sontag Chain Stores Co.* v. *National Nut Co.*, 310 U. S. 281. In that case, this Court decided that when it appears that the defendant in a suit for infringement of a reissued patent began commercial use of the accused process or machine prior to the application for the reissued patent, then intervening rights accrue to him and injunctive relief against him should be denied the patent owner. The decision in that case was specifically limited to the scope indicated. Being so limited, it left undecided by this Court whether or not intervening rights accrue to one who fully and completely develops a process or apparatus by prolonged and expensive research carried on prior to the grant of reissue, but does not go into commercial operation until after the grant of the reissue. This question has never been decided by this Court.

In the case of *Otis Elevator Company* v. *Atlantic Elevator Company*, 47 F. (2d) 545, which the Fourth Circuit Court of Appeals in the instant case said is "clearly distinguishable on the facts" without pointing out any distinction, the Second Circuit Court of Appeals considered and discussed the effect of development work in an interim period of more than two years between the date of an original patent and the application date of a broadened reissue patent, and with respect to the situation presented to it stated (p. 548):

> "The installations at Los Angeles, Chicago and Pittsburgh were, it is true, experiments, and did not go into permanent operation, but they were steps

forward. They involved considerable expense, whose fruition came later in the building at Cleveland, completed before the application was filed. We should not ignore them, because they were not used; the analogy of a prior use as anticipation is not apt. The question, on any view, is of the conflicting interests involved; the patentee's, to extend his monopoly; the public's, to be protected in vested rights acquired meanwhile. Earlier experiments, involving large expense, and being the first steps in a continuous development which ends in a completed apparatus, are fairly to be taken as vested interests. Unless we are to admit nothing except what the infringer himself may do, the case is one for the doctrine of intervening rights. The art by successive steps had already occupied the area comprehended by the expansion of the reissued claims."

The Court also declared: "the critical date should certainly be that of the reissue itself, not of the application, since the application is not published" (p. 549).

In the case at Bar the interim period between the date of the original patent and the date of the broadened reissue patent was also more than two years. Consequently a direct conflict exists between Courts of Appeals with reference to the availability of experimental or development work in establishing the defense of intervening rights.

The question is one of importance, particularly affecting those industries where extensive development work of an experimental nature involving years of time and large expenditures of money necessarily precedes commercial operation. The conclusion reached by the Fourth Circuit Court of Appeals in the instant case means, in practice, that the tremendous modern investment in research and development of improved industrial processes, upon which the

progress of modern industry so largely depends, will not be protected under the equitable doctrine of intervening rights.

We have here, therefore, a conflict on an important branch of the patent law which this Court recognized as unsettled in the *Keller* case and disposed of only in part in the *Sontag* case and which requires the attention of this Court.

## III.

**Further litigation presenting the possibility of conflict is highly improbable because these litigants are the only manufacturers now using the patented process and the cost of equipping for operation is so great.**

This Court has granted certiorari in patent cases on occasions in the past where it appeared that notwithstanding the doubtful validity of the patent in suit further litigation resulting in conflict of decision as to the validity of the patent was improbable. In *Schriber-Schroth Co.* v. *Cleveland Trust Co. et al.*, 305 U. S. 47, 50, *Paramount Publix Corp.* v. *American Tri-Ergon Corp.*, 294 U. S. 464, and *Altoona Publix Theatre* v. *American Tri-Ergon Corp.*, 294 U. S. 477, certiorari was granted because the concentration of the industry in the circuit in which the patent had been sustained rendered it doubtful that any infringement suit would be instituted elsewhere. In *Mackay Radio & Telegraph Co.* v. *Radio Corporation of America*, 306 U. S. 86, 89, the Court granted certiorari because it appeared that the petitioner and the respondent represented substantially the entire industry so that further litigation resulting in conflict of decision among circuits was improbable.

The facts of the instant case present the same occasion for the grant of certiorari as was presented in those four cases and recognized by this Court as making it appropriate and expedient to issue the requested writ. They differ from the facts of those four cases only in details.

The Court of Appeals has recognized that the patent is of doubtful validity, stating with respect to what it characterized as "the vital question involved";

> "The question of substantial variance * * * is close and troublesome * * *."

At the present time there is no manufacturer, other than the parties to this litigation, engaged in producing ethylene oxide by any process which can be considered within the scope of the reissue patent. A plant for the commercial production of ethylene oxide by such processes is large, intricate and costly. Its cost would be more than one-half million dollars and probably as much as or more than three-quarters of a million dollars, and conversion of an existing plant would be equally costly. The affidavits annexed hereto establish these facts.*

In view of the very substantial investment required for a plant for the production of ethylene oxide by direct oxidation and the decision of the Court of Appeals for the Fourth Circuit sustaining the reissue patent, the possibility that any other manufacturer will enter into the production of ethylene oxide by any process which might be considered within the scope of the reissue patent is extremely remote, despite the commercial importance of ethylene oxide and products derived therefrom, and despite the recognized doubt as to the validity of the patent. There can be no reasonable expectation that anyone will make the large

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* Infra, page 32.

investment required with knowledge that he is almost certain to be sued for infringement of a patent which has been sustained by a Court of Appeals. Hence, further litigation involving the validity of the patent is highly improbable.

The industry is thus effectually bound by the decision of the Circuit Court of Appeals for the Fourth Circuit to respect a patent of doubtful validity without hope of ever having that patent subjected to the corrective process of review and consideration in other circuits. We submit that these facts warrant the grant of a writ of certiorari in this case, just as analogous facts warranted the grant of writs in the *Schriber-Schroth, Paramount Publix, Altoona Publix,* and *Mackay Radio* cases.

## *Conclusion*

It is urged, therefore, that the petition for writ of certiorari be granted.

Respectfully submitted,

WILLIAM H. DAVIS,
*Counsel for Petitioner.*

THOMAS D. THACHER,
DEAN S. EDMONDS,
CHARLES W. RILEY,
W. PETERS BLANC,
*Of Counsel.*

Dated: New York, N. Y., October 3, 1941.



# APPENDIX

## Reissue Statute

R. S., SEC. 4916. (U. S. C., Title 35, Sec. 64.) Whenever any patent is wholly or partially inoperative or invalid, by reason of a defective or insufficient specification, or by reason of the patentee claiming as his own invention or discovery more than he had a right to claim as new, if the error has arisen by inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, the commissioner shall, on the surrender of such patent and the payment of the duty required by law, cause a patent for the same invention, and in accordance with the corrected specification, to be reissued to the patentee or to his assigns or legal representatives, for the unexpired part of the term of the original patent. Such surrender shall take effect upon the issue of the reissued patent, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent to the extent that its claims are identical with the original patent shall constitute a continuation thereof and have effect continuously from the date of the original patent. The commissioner may, in his discretion, cause several patents to be issued for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued letters patent. The specifications and claims in every such case shall be subject to revision and restriction in the same manner as original applications are. Every patent so reissued, together with the corrected specifications, shall have the same effect and operation in law, on the trial of all actions for causes thereafter arising, as if

the same had been originally filed in such corrected form; but no new matter shall be introduced into the specification, nor in the case of a machine patent shall the model or drawings be amended, except each by the other; but when there is neither model nor drawing, amendments may be made upon proof satisfactory to the commissioner that such new matter or amendment was a part of the original invention, and was omitted from the specification by inadvertence, accident, or mistake, as aforesaid.

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## Affidavit of Floyd J. Metzger

SUPREME COURT OF THE UNITED STATES

U. S. INDUSTRIAL CHEMICALS, INC.,
*Petitioner,*

*vs.*

CARBIDE AND CARBON CHEMICALS CORPORATION,
*Respondent.*

### AFFIDAVIT

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

FLOYD J. METZGER, being first duly sworn, deposes and says as follows:

My name is Floyd J. Metzger. I am a citizen of the United States. I reside in New York City and have resided in New York City for upwards of twenty-five years.

I am and for nearly twenty years past have been Vice-President of Air Reduction Company and for nearly twenty-five years have been in charge of the research and development work of that company. For upwards of ten years last past Air Reduction Company has owned a large stock interest in U. S. Industrial Alcohol Company of which U. S. Industrial Chemicals, Inc., petitioner in this suit is a wholly-owned subsidiary. One result of that is that I am and for many years past have been in charge of research and development work for U. S. Industrial Chemicals, Inc., and U. S. Industrial Alcohol Company.

I have had charge of the laboratory at Stamford, Connecticut, in which was developed the process of oxidation of ethylene to produce ethylene oxide, which process is employed in commercial production at the plant of U. S. Industrial Chemicals, Inc., at Baltimore, Maryland. It is that process which is charged to infringe claims 8 and 9 of the Lefort Reissue patent #20,370 in the above entitled suit. I am and for many years past have been familiar with the methods employed in the United States in the production of ethylene oxide and the manufacturers who are and have been engaged in the production of ethylene oxide and related products.

Based upon knowledge so acquired by me, I state it to be a fact that the plaintiff in this suit and respondent in this Court, Carbide and Carbon Chemicals Corporation, and the defendant in the suit and petitioner in this Court, U. S. Industrial Chemicals, Inc., are the only manufacturers in the United States who are or at any time in the past have been engaged in the production of ethylene oxide by a process of direct oxidation of ethylene. Ethylene oxide is and for many years past has been produced commercially in the United States by another method, sometimes referred

to generally as indirect oxidation and more often as the chlorhydrin process.

I am intimately familiar with the process of direct oxidation of ethylene to produce ethylene oxide practiced by U. S. Industrial Chemicals, Inc. in its plant at Baltimore, Maryland. The development of its process took place under my direction, mostly in the years 1936 and 1937. On completion of the development work, the necessary engineering study of commercial operation was made and the design of and equipment for a commercial plant was developed. When that had been completed, a commercial plant was built and equipped and it was started on commercial production in 1939. All of this work was done by me or by my assistants and associates, and with all of it I was intimately familiar, including all of the studies relating particularly to the size and cost of a plant which would be commercially profitable. Since commercial operation of the plant started in the spring of 1939, I have been intimately familiar with the operation of the plant and the results obtained there.

On the basis of the information obtained by me in the course of the work thus outlined, I state that a plant suitable for commercial operation in the direct oxidation of ethylene to produce ethylene oxide and of a size and having the equipment appropriate for practicing the process profitably would cost more than One-half Million Dollars and would, in my opinion, cost approximately Seven Hundred Fifty Thousand Dollars or more. The operation is of such a nature that it must be conducted upon a substantial scale to present opportunity for profitable operation. A plant of such smaller size as to reduce its cost substantially below the Three-quarter Million Dollars stated above would, in my opinion, be unsuitable for

profitable commercial production and could not be operated profitably. Also, any existing plant could not, in my opinion, be reconstructed or rearranged for practicing the process of direct oxidation of ethylene at materially less cost than building an entirely new plant; specifically a plant for practicing the chlorhydrin process referred to above would not be adapted at all for reconstruction for practicing the direct oxidation.

One reason why the cost of building and equipping such a plant is high is that the operation of oxidizing ethylene is hazardous in that there is an ever-present danger of explosion. Because of this, the equipment must include unusually elaborate safeguard against creation anywhere in the plant of conditions which might bring about an explosion. The number, intricacy and delicacy of these protective devices add greatly to the cost of installation and operation, and commercial operation without them could not be considered because of the hazard.

FLOYD J. METZGER

Subscribed and sworn to before me
this 1st day of October, 1941.

M. FRANCES BRYAN
Notary Public, New York County,
New York County Clerk's No. 297
New York County Register's No. 3-B-61
Commission Expires March 30, 1943.

(Seal)

## Affidavit of Walter J. Lehman

SUPREME COURT OF THE UNITED STATES

U. S. Industrial Chemicals, Inc.,
*Petitioner,*

*v.*

Carbide and Carbon Chemicals Corporation,
*Respondent.*

AFFIDAVIT

State of Pennsylvania }
County of Philadelphia } ss.:

Walter J. Lehman, being first duly sworn, deposes and says as follows:

My name is Walter J. Lehman. I am a citizen of the United States. I reside at 5128 N. 15th St., Phila., and I have resided there for eighteen years past.

I am Production Manager of Publicker Commercial Alcohol Company. I have been connected with that company for over three years and have been its Production Manager for over three years.

The Publicker Commercial Alcohol Company is and for many years past has been engaged in the commercial production of alcohol and related products. The company has long been interested in the production of ethylene oxide

and the methods and apparatus suitable for producing it profitably in commercial quantities. The engineering staff of the company and independent engineers serving the company have made a careful study of such methods and apparatus over several years past.

I and other representatives of my company have been familiar with the litigation of the Lefort reissue patent on which the above-entitled suit is based and representatives of my company attended the trial of the suit.

In my position as Production Manager of Publicker Commercial Alcohol Company, I have been intimately familiar with commercial operations in the United States in the production of alcohol and related products, including ethylene oxide, and have known what companies were engaged in such operations, at what locations and by what methods. On the basis of the knowledge so acquired by me, I state it to be a fact that the two companies which are the litigants in this suit are the only companies who are engaged in the commercial production of ethylene oxide in the United States by a process of direct oxidation of ethylene. Ethylene oxide is produced commercially by another method and has been for a great many years past; that other method is sometimes referred to generally as indirect oxidation but more often as the chlorhydrin process.

Also on the basis of studies made by the staff of my company and independent engineers whose services have been retained by my company, I state it to be a fact that a plant for the production of ethylene oxide by direct oxidation of ethylene must be one of substantial size if it is to be commercially profitable. It is my opinion, based upon the elaborate studies referred to above that such a plant would

cost more than One-half Million Dollars and I think its cost would be $750,000.00 or more. A plant of a sufficiently smaller size to make its cost substantially less than the amount above named could not, in my opinion, be operated to produce a profit. Also, any existing plant could not, in my opinion, be reconstructed or rearranged for practicing the process of direct oxidation of ethylene at substantially less cost than building an entirely new plant; specifically a plant for practicing the chlorhydrin process referred to above would not be at all adapted for such reconstruction and only a small part of the apparatus usually employed in it would be useful in such a reconstructed plant.

One reason why the cost of building and equipping such a plant is high is that the operation of oxidizing ethylene is hazardous in that there is an ever-present danger of explosion. Because of this, the equipment must include unusually elaborate safeguards against creation anywhere in the plant of conditions which might bring about an explosion. The number, intricacy and delicacy of these protective devices add greatly to the cost of installation and operation and commercial operation without them could not be considered because of the hazard.

WALTER J. LEHMAN

Subscribed and sworn to before
me this 2 day of Oct., 1941.

JOSEPH W EGENDORF
Notary Public
My Commission Expires
January 6th, 1945

(Seal)